

A N N U A L R E P O R T



C O N T A I N E R C O R P O R A T I O N O F A M E R I C A

C H I C A G O , I L L I N O I S

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*For newspaper release after
9:00 A.M. Eastern Standard time
March 3, 1954*

F I S C A L Y E A R E N D E D D E C E M B E R T H I R T Y - F I R S T

BOARDS

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CONTAINER CORPORATION OF AMERICA

38 SOUTH DEARBORN STREET, CHICAGO 3, ILLINOIS

DIRECTORS JOHN E. BIERWIRTH, New York, New York
HENRY B. CLARK, San Diego, California
WESLEY M. DIXON, Chicago, Illinois
JOHN L. DOLE, Chicago, Illinois
*ALBERT H. GORDON, New York, New York
RICHARD G. IVEY, London, Ontario, Canada
IRA C. KELLER, Portland, Oregon
WALTER P. PAEPCKE, Chicago, Illinois
JOHN V. SPACHNER, Chicago, Illinois

EXECUTIVE COMMITTEE JOHN E. BIERWIRTH RICHARD G. IVEY
WESLEY M. DIXON WALTER P. PAEPCKE

OFFICERS Chairman of the Board, WALTER P. PAEPCKE
President, WESLEY M. DIXON
Executive Vice President, IRA C. KELLER
Executive Vice President, JOHN V. SPACHNER
Vice President, DONALD H. BREWER
Vice President, LAURENCE T. MCCURDY
Vice President, JOHN G. ROBINSON
Vice President, FRANK J. SAUER
Vice President, LEO H. SCHOENHOFEN
Vice President, JOHN D. SPENCE
**Controller, CARL M. BLUMENSCHNEIN
Treasurer, PAUL W. GUENZEL
Secretary, EARL A. WAGONSELLER
Assistant Controller, EDWARD J. STOUT
Assistant Treasurer, ARTHUR R. JOHNSON
Assistant Secretary, HANS J. GREVEN
Assistant Secretary, CLARENCE H. SEELEY

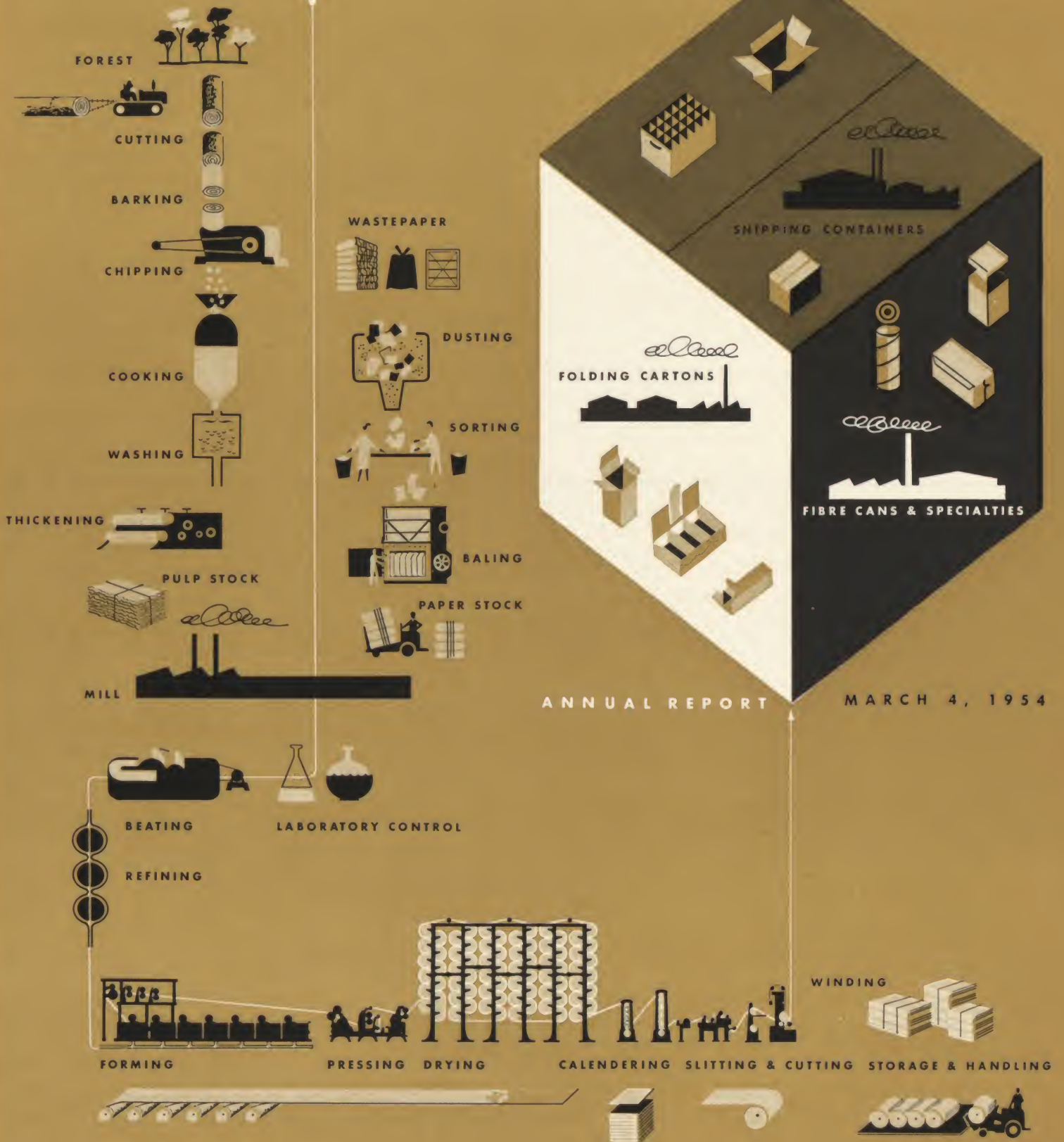
TRANSFER AGENTS CONTAINER CORPORATION OF AMERICA, Chicago, Illinois
CITY BANK FARMERS TRUST COMPANY, New York, New York

REGISTRARS CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST
COMPANY, Chicago, Illinois
THE NEW YORK TRUST COMPANY, New York, New York

*Elected December 9, 1953

**Elected Vice-President January 27, 1954

MAKING PAPERBOARD



ANNUAL REPORT

MARCH 4, 1954

A GLANCE AT THE LAST FIVE YEARS

	1953	1952	1951	1950	1949
Sales	\$187,552,652	\$178,408,152	\$212,562,019	\$154,841,198	\$114,770,627
Tons shipped	853,139	833,536	914,861	863,888	673,038
Earnings per common share . .	\$10,127,948 \$4.93	\$10,282,948 \$5.01	\$12,065,997 \$5.91	\$12,016,626 \$5.87	\$8,777,328 \$4.23
Dividends paid and declared	\$5,806,407	\$5,813,447	\$5,813,657	\$5,838,327	\$4,355,086
per cent of earnings .	57%	57%	48%	49%	50%
preferred (per share)	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
common (per share) .	\$2.75	\$2.75	\$2.75	\$2.75	\$2.00
Earnings retained for requirements of the business (earned surplus)	\$4,321,541	\$4,469,501	\$6,252,340	\$6,178,299	\$4,422,242
Depreciation	\$3,930,557	\$3,668,041	\$3,543,809	\$3,045,298	\$2,731,924
Factory and paper mill additions and improvements	\$3,947,614	\$5,475,585	\$6,984,301	\$6,430,681	\$5,594,884
Working capital (current assets less current liabilities) . .	\$27,860,806	\$28,848,239	\$24,643,414	\$22,594,037	\$20,805,637
Taxes (Federal, state, and local)	\$20,764,350 \$10.48	\$22,742,572 \$11.48	\$27,868,542 \$14.07	\$12,828,886 \$6.48	\$7,531,478 \$3.80
Hourly wages paid . .	\$38,138,310	\$34,379,418	\$35,335,515	\$31,026,068	\$23,549,362
Shareholders' investment per employee	\$7,052	\$6,498	\$6,241	\$5,416	\$6,250

CONTAINER CORPORATION OF AMERICA

AND SUBSIDIARY COMPANIES

CHICAGO, ILLINOIS, MARCH 4, 1954

TO THE SHAREHOLDERS AND EMPLOYEES

We submit herewith the Annual Report of Container Corporation of America for the year ended December 31, 1953. It consists of this Letter to Shareholders and Employees, the Auditors' Certificate, Consolidated Balance Sheet, and statements of Consolidated Income and Earnings Retained for Requirements of the Business (earned surplus).

On the opposite page you will find "A Glance at the Last Five Years" which gives you a comparative review of pertinent data.

FINANCIAL REVIEW

EARNINGS. Consolidated net earnings for the past year were \$10,127,948 compared with \$10,282,948 for the previous year; in each instance these earnings are net after all charges, provisions for depreciation and for Federal, state and local taxes. After providing for preferred dividends, the net earnings represent \$4.93 a share on the 1,980,948 shares of common stock outstanding compared with \$5.01 for the previous year.

The favorable factors affecting earnings were an increase of roundly 5% in sales dollars and 2.4% in unit volume and a modest increase in selling prices of some products. The unfavorable factors were a small increase in the over-all cost of raw materials and factory supplies, further increases in wages and

salaries and in general expenses, such as freight rates, transportation, communication and traveling rates for personnel. However, in spite of some of these higher rates, administrative expenses were held at the previous year's level, while selling expenses went up about 10% due largely to increased sales force and sales activity in a more competitive period. The combined percentage cost of administrative and selling expense to total sales was again 6.3%, the same as in 1952. This relatively satisfactory result was obtained through tightened control of expenses, particularly during the last six months of the year.

Federal income taxes amounted to \$18,045,000 or \$9.11 a share compared with \$20,100,000 or \$10.15 a share in the previous year. The effective rate of Federal income taxes was 64.1% for 1953 contrasted with 66.2% for 1952. The Excess Profits tax in 1953 was \$3,330,000 or \$1.68 a share.

Quarterly earnings per share of outstanding common stock were as follows:

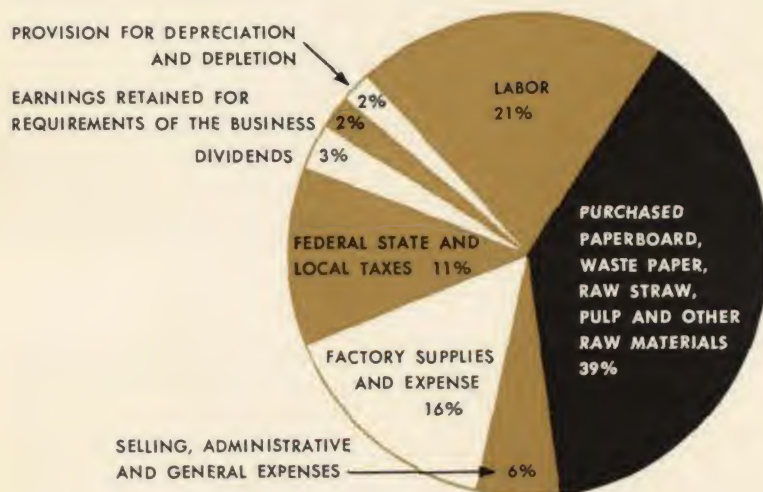
1st Quarter	\$1.18
2nd Quarter	1.21
3rd Quarter	1.30
4th Quarter	1.24
	<u>\$4.93</u>

The following dividends were paid in 1953:

Preferred Stock		Common Stock	
March 1	\$1.00	March 3	\$.50
June 1	1.00	May 2050
September 1	1.00	August 2050
December 1	1.00	November 2050
	<u>\$4.00</u>	December 31 — extra75
			<u>\$2.75</u>

A three year summary of operating results is tabulated below:

	1953	1952	1951
Sales	\$187,552,652	\$178,408,152	\$212,562,019
Earnings before Federal taxes on income	\$ 28,172,948	\$ 30,382,948	\$ 37,115,997
Provision for Federal income and excess profits taxes	18,045,000	20,100,000	25,050,000
Net earnings for the year	<u>\$ 10,127,948</u>	<u>\$ 10,282,948</u>	<u>\$ 12,065,997</u>



Provision for depreciation established a new high of \$3,878,515 computed at rates similar to those of the past. Depletion of owned timber in 1953 was \$52,042. Your Company continued its policy of purchasing most of its pulpwood requirements in order to conserve its own timberlands for further growth and future reserve.

Repair and maintenance charges aggregated \$10,023,250. This was about the same as a year ago, even though the cost of labor and materials used in repair and maintenance work continued to creep up.

The diagram and the following tabulation provide a breakdown of the Company's sales dollars.

	1953		1952	
Sales	\$187,552,652	100%	\$178,408,152	100%
Purchased paperboard, waste paper, raw straw, pulp and other raw materials	\$ 73,065,519	39%	\$ 67,173,461	38%
Labor	38,138,310	21	34,379,418	19
Factory supplies and expense	30,270,589	16	29,771,341	16
Provision for depreciation and depletion	3,930,557	2	3,668,041	2
Selling, administrative, and general expenses	11,255,379	6	10,390,371	6
Federal, state, and local taxes	20,764,350	11	22,742,572	13
Dividends	5,806,407	3	5,813,447	3
Earnings retained for requirements of the business	<u>4,321,541</u>	<u>2</u>	<u>4,469,501</u>	<u>3</u>



Above, the pulp and paper mill at Fernandina, Florida, after completion of recent additions and improvements; right, the new turbine installation.



The following tabulation analyzes the disposition of earnings and other corporate funds:

Funds were provided from the following sources:		
Earnings for the year	\$10,127,948	
Expense item which did not require cash expenditures —		
Provision for depreciation (includes		
depletion of \$52,042)	3,930,557	\$14,058,505
Decrease in other investments and advances		150,178
Decrease in deferred charges		832,306
Total funds provided		\$15,040,989
Funds were expended or segregated for the following:		
Dividends		
4% Cumulative preferred stock	\$ 358,800	
Common stock	5,447,607	\$ 5,806,407
Plant and equipment		
Additions and improvements	\$3,947,614	
Less net book value of sales and retirements	112,270	3,835,344
Increase in preferred stock sinking fund		300,540
Increase in investments and advances—foreign		
subsidiaries	1,000,000	
Increase in funds set aside for improvements	5,086,131	\$16,028,422
Resulting in a decrease in working capital of		\$ 987,433

WORKING CAPITAL. The following table reflects changes in working capital:

CURRENT ASSETS:	December 31		Increase or Decrease (d)
	1953	1952	
Cash	\$ 6,977,535	\$ 6,912,393	\$ 65,142
U. S. Government securities	8,818,478	8,288,198	530,280
Accounts receivable	7,503,418	8,619,054	1,115,636 (d)
Inventories	10,261,548	12,100,069	1,838,521 (d)
Total current assets	\$33,560,979	\$35,919,714	\$2,358,735 (d)
CURRENT LIABILITIES:			
Accounts payable	\$ 1,350,227	\$ 2,016,989	\$ 666,762 (d)
Accrued wages, etc.	2,676,101	3,227,033	550,932 (d)
Accrued taxes	1,210,620	1,398,128	187,508 (d)
Provision for Federal taxes on income	*	*	—
Dividends payable	88,690	91,330	2,640 (d)
Sinking fund payments due within a year	374,535	337,995	36,540
Total current liabilities	\$ 5,700,173	\$ 7,071,475	\$1,371,302 (d)
Net working capital	\$27,860,806	\$28,848,239	\$ 987,433 (d)
Current ratio	5.89 to 1	5.08 to 1	
*Provision for Federal taxes on income	\$21,086,718	\$22,435,957	
Less U. S. Treasury Notes	21,086,718	22,435,957	



Views of the "Valley Forge" folding carton factory at Oaks, Pennsylvania, in production late 1953.





New plant of Pioneer Paper Stock Company in Chicago in operation since January 1953. An important feature of the building is the loading dock designed to accommodate 28 trailers at a time.

There was a net decrease in working capital of \$987,433. Notwithstanding somewhat higher sales, both accounts receivable and inventories showed decreases; the former of \$1,115,636 and the latter of \$1,838,521. Accounts payable were lower by \$666,762. The Board of Directors at its year end meeting approved some fairly substantial expenditures for additional ultra modern and high speed fabricating equipment for folding carton and container factories and for additional areas in which to house this new machinery. Even though these expenditures will be made over a period of a year or two, \$3,385,000 of cash and securities were taken out of current assets and added to "Cash and U. S. Government securities set aside for additions and improvements." As these funds are used to pay for the machinery, equipment, and buildings, the asset values will then appear under plant and equipment. This conservative accounting procedure accounts for the decrease in working capital.

At the year end \$8,087,781 of previously approved but unexpended capital appropriations were carried over compared with \$3,970,470 at the end of 1952. The \$8,087,781 figure includes all major and minor uncompleted projects thus far approved by your Board of Directors.

The Company has continued its practice of keeping on hand sufficient U. S. Government securities to offset its total provision for Federal income tax liability. These securities earn the moderate current rate of interest. Meanwhile we can all have the comfortable and reassuring feeling that all Federal tax obligations have been provided for well in advance of their due dates.

CAPITALIZATION. There were no changes in the capital structure of the Company. At December 31, 1953 there were 2,310 shares of preferred stock in the treasury and the necessary 690 shares were purchased in January 1954. These 3,000 shares are now set aside for the 1953 sinking fund requirements. Of the original \$10,000,000 preferred stock, \$8,800,000 remains outstanding in the hands of the public.

EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS (EARNED SURPLUS). The year's earnings of \$10,127,948 were credited to this account. Preferred and common share dividends of a combined total of \$5,806,407 were deducted and the difference of \$4,321,541 in net earnings and dividends paid remained in earned surplus.

SHAREHOLDERS. At the year end there were 11,223 individual shareholders exclusive of brokers,

institutions, and corporations or individuals represented by them. The average number of common shares held by these individuals was 117. No individual or corporate shareholder owned more than 4% of the Company's outstanding common shares. Approximately 51% of these shares were owned by holders of 400 shares or less. Shares of the Company's common stock were owned by residents of every state in the United States and by residents of 17 foreign countries.

OPERATIONS

CAPITAL EXPENDITURES. Capital expenditures for the year totaled only \$3,947,614 or approximately the same as the Company's provision for depreciation. The largest single expenditure was made in connection with the expansion of the kraft containerboard mill at Fernandina, Florida; this work was completed in August 1953 and the property with its new improvements is now running well. A new corrugated container operation is being added adjacent to the Fernandina containerboard mill; barring unforeseen delays, this factory ought to be in operation before the end of 1954.

The new folding carton factory near Oaks, Pennsylvania, called the Valley Forge plant, was completed and is now in operation.

Further fabricating equipment was purchased and installed at various properties throughout the container and folding carton factories of the Company; this included printer-slotter, gluing machines, multi-color presses, stitchers, and miscellaneous equipment. Over \$1,500,000 was spent on paper mill and power plant additions and improvements. At the year end, \$8,087,781 of authorized but uncompleted expenditures remain to be finished in this and succeeding years; of this amount \$5,514,683 has been provided for in the balance sheet account called "Cash and U. S. Government securities set aside for additions and improvements." Necessarily there will be other capital expenditures of minor amounts approved during 1954, but some of these may not be completed during this calendar year. Historically, there has usually been a carry-over of authorized but unexpended capital projects at the end of each year.

PRODUCTION. The tons of paperboard including a small amount of kraft pulp produced in the mills of the Company are given in the following table; similarly, tons of finished product shipped to customers:



Corrugated shipping containers made in various factories of the Company.

	Tons produced in Mills	Tons Finished Product Shipped
1944.....	523,946	585,018
1945.....	534,131	597,267
1946.....	558,621	624,126
1947.....	589,780	675,583
1948.....	617,936	725,798
1949.....	556,854	673,038
1950.....	693,960	863,888
1951.....	745,246	914,861
1952.....	685,886	833,536
1953.....	701,960	853,139

Tons of finished product always exceed the tons produced in the Company's mills because of purchases of paperboard from outside sources.

REFORESTATION. At the year end your Company owned outright and had timber cutting rights on a combined total of 155,000 acres. The Company's forestry department is continuing with great care the fire protection of its standing timber, the fencing of its timberland areas, and confining the depletion of its timber to selective cutting and thinning out so that the majority of the untouched timber will have the best opportunities to grow.

Another 4,000,000 pine seedlings were purchased. A part of these were again given to 4-H Clubs, Future Farmers of America, and individual wood-growing farmers located within a desirable proxim-

ity of the Fernandina mill and the balance planted on Company land. The amount of timber reserves of your Company is growing from year to year due to (1) the Company's policy of cutting less than 10% of its requirements and purchasing the rest; (2) adding to its timberland resources through purchases and long term leases; and (3) through the annual procedure of planting or causing to be planted several million seedlings.

SALES

Consolidated sales in 1953 were \$187,552,652 compared with \$178,408,152 in 1952, or an increase of 5%. The total units shipped increased about 2.4%. The difference is accounted for by some increased selling prices and by greater selectivity in choice of business. The following table gives the dollar amount and percentage of fabricated products of total sales:

Corrugated and solid fibre shipping containers . . .	\$ 99,136,968	53%
Folding cartons and fibre cans	60,483,286	32
Total fabricated products	\$159,620,254	85%
Paperboard, pulp and waste paper	27,932,398	15
Total sales	<u>\$187,552,652</u>	<u>100%</u>



Because the consumer is increasingly indulging in what might be called "impulse buying," colorful and attractive designs, particularly in folding cartons, become more and more important. Some of the illustrations appearing elsewhere in this report present a visual demonstration.

The can band, first used in the sale of canned beverages for multiple units, has also been introduced for packaging of such diverse commodities as motor oil, baby food, canned vegetables, and fruit juices. Other merchandising aids produced by the Company are floor stands and display material made of printed corrugated board.

During the year many new cartons were designed for textile products, including the prize winners in the annual national carton competition. Folding cartons for soaps, glassware, hardware and tools, beverages, sugar, pancake mix, confectionery, and kitchen utensils were also given awards. The Company was awarded twenty-two of the one hundred forty-three prizes offered.

The development of corrugated containers for heavy appliances continues to be a major field for expansion of sales; examples are packaging of electric and gas ranges, space heaters, washing machines, clothes dryers, air conditioning units, television sets, and the like. In this field an interesting development is a container for a cooking range which can be closed on automatic sealing machines with a substantial saving in package and transportation costs.

Good progress was made during the year to convert more fruit and vegetable packers to the use of paperboard containers, especially in the field of citrus fruits and lettuce. On the West Coast most of

the lemon crop was brought to distributing markets in corrugated containers, as was about half the lettuce crop.

The machinery development departments devised many labor saving methods and machines for forming, filling, and sealing cartons and containers, an important service to both old and new customers.

INDUSTRY CONDITIONS

The paperboard industry operated at 93% of capacity in 1953, which has only been exceeded in two previous years when the capacity was lower than at present. Production was 12,690,649 tons, an increase of 14.5% compared with the previous year, a new record for the paperboard industry. The unit shipments in the fibre and corrugated container industry were 9.9% higher than in the previous year; folding cartons were 11% higher. In both cases these were new records.

At the end of 1953 the estimated capacity of the entire paperboard industry was 13,646,000 tons of all grades. By the end of 1954 this capacity will be increased to 14,950,000 tons, which will result from (1) normal improvement to existing machines, (2) new capacity completed during 1953, and (3) projected new construction for 1954.

There has been an average growth of 5% per year for the past twenty-eight years in the production of all grades of paperboard. It is noteworthy that the production record of 1953 was slightly above this average. The per capita consumption of paperboard in the United States for 1953 was 159 pounds compared with 107 pounds in 1942.



Solid fibre shipping containers.





Left, typical production of paperboard packages with metal ends by Sefton Fibre Can Company.

Colorful cartons, display packages and carryouts from folding carton factories of the Company.

SUBSIDIARY AND AFFILIATED COMPANIES

The wholly owned domestic subsidiary companies whose operations are included in the Consolidated Balance Sheet and Profit and Loss accounts are the following:

O. B. Andrews Company
California Container Corporation
Pioneer Paper Stock Company
Sefton Fibre Can Company

Neither the balance sheets nor profit and loss figures of the Latin American affiliates are included in this Annual Report.

FOREIGN INVESTMENTS. Carton de Colombia, S.A. is 50% owned by your Company, through its wholly owned Panamanian subsidiary, Carton Internacional, S.A., and 50% owned by Colombians. With the completion of its new Fourdrinier paper machine and bag factory, a very substantial increase in profits was attained. The new installation was financed through local bank borrowings. These were reduced by one-third during the year and should be entirely paid off within the next two years.

Cartoenvases de Mexico, S.A., also 50% owned by your Company through Carton Internacional and 50% by Mexican interests, made further prog-

ress during the past year. It has a good balance sheet and favorable prospects for the future.

An investment of moderate proportions was approved to acquire, through Carton Internacional, 50% of the stock of a newly incorporated company in Venezuela called Corrugadora de Carton, S.A. The entire authorization for the Venezuelan investment amounted to \$1,000,000. The investment in Corrugadora de Carton, S.A. required slightly less than half of this amount and the balance is available for additional investment in the paper mill, container and folding carton field in Venezuela.

EMPLOYEE RELATIONS

Labor relations during the year were satisfactory, except for an unauthorized strike for 10 weeks at the Cincinnati plant. Since the termination of wage controls early in 1953, labor agreements were renewed consistent with industry and area conditions. Labor contracts were negotiated with 74 local unions affiliated with 15 international unions.

A check was sent at Christmas time to 504 employees who were in military service.

SAFETY. The number of plants with no lost-time accidents increased to seven. While over-all safety performance improved with regard to frequency of accidents, the severity record of accidents was a little less favorable than last year.



Left, kraft paper bags and corrugated containers produced by Carton de Colombia. Above, typical folding carton production from Carton de Colombia and Cartoenvases de Mexico.

The Directors' Safety Award from the Folding Paper Box Association was presented to the Company's Boston, Chattanooga and Philadelphia Folding Carton Plants for working one million man hours without a lost-time accident. The Philadelphia Folding Carton Plant established a new world's record in its field by having worked 1,830,963 injury-free man hours.

GROUP INSURANCE. The Company's group insurance plan was improved at no additional cost to employees by increasing the surgical allowance, the allowances for hospital board and room, and by the addition of in-hospital medical expense benefits.

The life plan was expanded by extending the life insurance schedule at additional cost to those employees involved.

During the insurance year ending June 30, 1953, the group insurance plan paid \$749,196 in benefits to employees.

RETIREMENT ANNUITY PLAN. At the end of the year participation in the Company's retirement annuity plan in effect since January 1, 1941 was 90% of those employees eligible to participate. Combined employee and Company contributions for the year 1953 aggregated \$2,742,523; of this amount the employees contributed \$1,097,009 and the Company \$1,645,514. Contributions by and on account of executive officers were 1.7% while 98.3% was contributed by and on account of all other employees. Since the retirement annuity plan has been in effect, 256 employees have received annuities thereunder, and as of the end of the year, 214 employees were currently receiving annuity payments.

MANAGEMENT PROFIT SHARING PLAN. Under this plan, which was approved at the Annual Shareholders' meeting in 1940, a total of \$3,577,820 could have been paid for the year 1953. However, the non-participating Directors responsible for the final determination of payments under the plan concluded that the amount to be distributed should be limited to \$448,633, compared with \$487,130 for the previous year. Distributions authorized were as follows: 16.0% to the Chairman of

the Board, 8.5% to the President, 11.7% total to the two Executive Vice Presidents, 21.0% to six Vice Presidents, and 42.8% to other salaried employees, including the Secretary, the Treasurer, and the Controller.

CONTAINER COMMON STOCK BONUS PLAN. Company contributions to the Common Stock Plan in 1953 amounted to \$864,831. There were at the end of the year 1164 employee members. The Fund owned 38,396 shares of the total outstanding common stock of the Company, or slightly less than 2%.

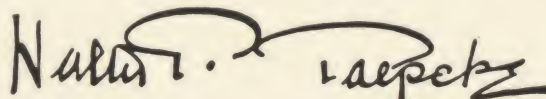
ORGANIZATION

During the year Mr. Ira C. Keller, Executive Vice President, announced his decision to retire. He will serve out his term as Director, which ends at the Annual Meeting in April 1954. Mr. Keller originally entered the organization of the Sefton Manufacturing Company in 1926 and coincident with the merging of that company into Container Corporation joined the latter in 1930. During the 27 years Mr. Keller was with the organization and one of its predecessor companies, he made significant contributions toward its development and success. We shall miss him as a fellow officer and as a long time friend.

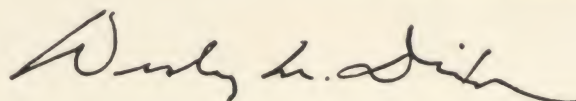
Through a change in the By-Laws, your Board of Directors last December increased its number from eight to nine. Mr. Albert H. Gordon of New York was elected to fill the vacancy so created. Mr. Gordon, born in Scituate, Massachusetts in 1901, is a partner of Kidder, Peabody and Company. Due to his broad experience in matters of business and finance, his presence on the Board will be of great value.

The Board of Directors wishes to express its appreciation to all members of the organization, in the factories and in the offices, for their conscientious and loyal efforts. The human assets of any corporation are among its most important. We believe your Company has a substantial number of bright and able young people in addition to those older employees of proven ability and long experience.

Cordially,



Chairman of the Board



President

The Annual Meeting of the shareholders will be held on Wednesday, April 14, 1954. A notice of the meeting, together with a form of proxy and a proxy statement, will be mailed to shareholders on or about March 19, 1954, at which time proxies will be requested by the management.

CONTAINER CORPORATION OF AMERICA

COMPARATIVE CONSOLIDATED BALANCE SHEETS—

DECEMBER 31, 1953 AND DECEMBER 31, 1952

ASSETS

CURRENT ASSETS:

	1953	1952
Cash	\$ 6,977,535	\$ 6,912,393
U. S. Government securities, at cost, plus accrued interest	8,818,478	8,288,198
Accounts receivable, less reserves of \$401,153 in 1953 and \$320,537 in 1952	7,503,418	8,619,054
Inventories of finished goods, work in process, raw materials and supplies —priced at the lower of average cost or market	10,261,548	12,100,069
Total current assets	<u>\$33,560,979</u>	<u>\$35,919,714</u>

INVESTMENTS AND ADVANCES, at cost:

Investments and advances to foreign subsidiaries not consolidated including cash of \$550,000 for future investment	\$ 2,450,000	\$ 1,450,000
Other	115,548	265,726
	<u>\$ 2,565,548</u>	<u>\$ 1,715,726</u>

CASH AND U. S. GOVERNMENT SECURITIES SET ASIDE FOR ADDITIONS AND IMPROVEMENTS

\$ 5,514,683	\$ 428,552
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PLANT AND EQUIPMENT—stated at amounts (based in part on appraisals) recorded at dates of acquisition of properties (including properties acquired for capital stock), plus subsequent additions at cost:

	Gross	Reserves		
Land	\$ 4,420,563	\$ —	\$ 4,420,563	\$ 4,350,340
Buildings	15,945,019	6,520,149	9,424,870	9,672,596
Machinery, equipment, etc.	54,202,389	26,660,694	27,541,695	27,370,529
Leasehold and leasehold improvements	7,736,118	5,204,271	2,531,847	2,620,723
	<u>\$82,304,089</u>	<u>\$38,385,114</u>	<u>\$43,918,975</u>	<u>\$44,014,188</u>

PREPAID AND DEFERRED CHARGES

\$ 1,880,217	\$ 2,712,523
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GOODWILL AND PATENTS

\$ 1	\$ 1
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<u>\$87,440,403</u>	<u>\$84,790,704</u>
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LIABILITIES

CURRENT LIABILITIES:

	1953	1952
Accounts payable	\$ 1,350,227	\$ 2,016,989
Accrued liabilities —		
Salaries, wages and compensation provisions	2,579,888	3,150,432
Taxes, other than Federal taxes on income	1,210,620	1,398,128
Other	96,213	76,601
Dividends payable on preferred stock	88,690	91,330
Sinking fund payable on preferred stock	374,535	337,995
Provision for Federal taxes on income; \$21,086,718 in 1953 and \$22,435,957 in 1952 less an equivalent amount of United States Government securities each year	—	—
Total current liabilities	<u>\$ 5,700,173</u>	<u>\$ 7,071,475</u>

CAPITAL:

4% cumulative preferred stock, \$100 par value; authorized and issued 100,000 shares, less 9,000 shares retired by sinking fund at December 31, 1953	\$ 9,100,000	\$ 9,400,000
Common stock, \$10 par value; authorized 3,000,000, issued 1,980,948	19,809,480	19,809,480
Shareholders' investment in excess of par value	3,829,851	3,829,851
Earnings retained for requirements of the business (earned surplus) (\$8,921,481 is restricted as to cash dividend payments on common stock)	49,606,434	45,284,893
	<u>\$82,345,765</u>	<u>\$78,324,224</u>
Deduct—Par value of 2,310 shares of 4% cumulative preferred stock held in treasury and provision of \$374,535 for sinking fund on preferred stock at December 31, 1953	605,535	604,995
	<u>\$81,740,230</u>	<u>\$77,719,229</u>
	<u>\$87,440,403</u>	<u>\$84,790,704</u>

AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED INCOME FOR THE YEARS ENDED DECEMBER 31, 1953 AND 1952

	1953	1952
NET SALES	\$187,552,652	\$178,408,152
COST OF SALES	147,939,847	137,282,965
Gross income from operations	\$ 39,612,805	\$ 41,125,187
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES	12,252,693	11,632,175
Income from operations (after depreciation and depletion provision of \$3,930,557 in 1953 and \$3,668,041 in 1952)	\$ 27,360,112	\$ 29,493,012
OTHER INCOME, net	812,836	889,936
Balance before taxes on income	\$ 28,172,948	\$ 30,382,948
PROVISION FOR FEDERAL TAXES ON INCOME:		
Normal and surtax	\$ 14,715,000	\$ 15,900,000
Excess profits tax	3,330,000	4,200,000
	\$ 18,045,000	\$ 20,100,000
Net income for year	\$ 10,127,948	\$ 10,282,948

STATEMENT OF EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 1953

BALANCE, DECEMBER 31, 1952	\$45,284,893
NET INCOME FOR YEAR	10,127,948
	<u>\$55,412,841</u>
CASH DIVIDENDS DECLARED:	
Preferred stock (\$4.00 per share)	\$ 358,800
Common stock (\$2.75 per share)	5,447,607
	<u>\$ 5,806,407</u>
BALANCE, DECEMBER 31, 1953 (\$8,921,481 is restricted as to cash dividend payments on common stock)	<u>\$49,606,434</u>

ARTHUR ANDERSEN & CO.

120 SOUTH LA SALLE STREET - CHICAGO 3

To the Shareholders of Container Corporation of America:

We have examined the consolidated balance sheet of CONTAINER CORPORATION OF AMERICA (a Delaware corporation) and subsidiaries as of December 31, 1953, and the related statements of consolidated income and earnings retained for requirements of the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination for the year ended December 31, 1952.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and earnings retained for requirements of the business present fairly the financial position of Container Corporation of America and subsidiaries as of December 31, 1953, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois, February 4, 1954.

ARTHUR ANDERSEN & CO.

RAW MATERIALS

PROCESSING

MILLS



PULP WOOD FROM THE FORESTS

WASTE PAPER FROM THE CITIES



ATLANTA

BALTIMORE

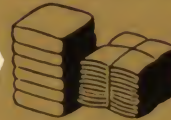
CHICAGO

DETROIT

KALAMAZOO

PHILADELPHIA

PULP AND PAPER STOCK



CHATTANOOGA

CHICAGO—OGDEN

CHICAGO—LAKE SHORE

CINCINNATI

FERNANDINA

LOS ANGELES

PHILADELPHIA

TACOMA

WABASH

WILMINGTON

CARTHAGE

CIRCLEVILLE

STRAW FROM THE FARMS



SOURCES AND FLOW OF PRIMARY MATERIALS THROUGH MILLS

FACTORIES *

PRODUCTS

USES

ANDERSON

BALTIMORE

BOSTON

CHATTANOOGA

CHICAGO—LAKE SHORE

CHICAGO—OGDEN

CHICAGO—35TH STREET

CINCINNATI

CLEVELAND

FORT WORTH

GREENSBORO

KNOXVILLE

LOS ANGELES—BOYLE AVE.

LOS ANGELES—57TH STREET

MUSKOGEE

NEW ORLEANS

OAKLAND

PHILADELPHIA—MANAYUNK

PIQUA

PORTLAND

ROCK ISLAND

ST. LOUIS

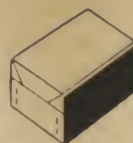
SEATTLE

SIOUX CITY

VALLEY FORGE



CORRUGATED
CONTAINERS



SOLID FIBRE
CONTAINERS



FOLDING CARTONS



FROZEN FOOD
PACKAGES



FIBRE CANS

Ammunition	Household Goods
Automotive Parts	Linens and Towels
Bakery Goods	Liquor and Wine
Beer	Machines and Parts
Boots and Shoes	Matches
Building Materials	Meat Products
Canned Foods	Paint and Varnish
Caps and Closures	Paper Products
Cereal Products	Personal Accessories
Chemicals	Petroleum Products
China & Pottery	Pharmaceuticals
Clothing	Publishers, Printers
Coffee, Tea, Cocoa	Radio Products
Confectionery	Rubber Goods
Cosmetics	Soaps and Cleansers
Dairy Products	Soft Drinks
Dehydrated Foods	Spices
Explosives	Sporting Goods
Electrical Products	Sugar and Salt
Frozen Foods	Textiles
Fruits and Vegetables	Tobacco Products
Furniture	Tools
Glass Products	Toys and Games
Hardware	Vegetable Products

PAPERBOARD



AND FACTORIES OF CONTAINER CORPORATION OF AMERICA

* The number of chimneys on the factory symbols indicates the products manufactured in them:

I—fibre cans
II—folding cartons

III—shipping containers
IIII—folding cartons and shipping containers

IIII—folding cartons, shipping containers and fibre cans

CONTAINER CORPORATION OF AMERICA AND CONSOLIDATED YEAR-END BALANCE SHEETS FOR TWELVE YEAR ASSETS

	1953	1952	1951	1950	1949
Cash and U. S. Government securities	\$15,796,013	\$15,200,591	\$10,268,094	\$ 7,456,055	\$13,085,746
Accounts and notes receivable	7,503,418	8,619,054	8,559,391	9,733,435	4,709,071
Inventories	10,261,548	12,100,069	11,688,373	11,924,620	7,334,972
Total current assets	\$33,560,979	\$35,919,714	\$30,515,858	\$29,114,110	\$25,129,789
Cash and U. S. Government securities set aside for additions and improvements	5,514,683	428,552	3,007,331	3,500,000	4,000,000
Postwar excess profits tax refund ..	—	—	—	—	—
Other receivables and investments ..	2,565,548	1,715,726	1,661,084	1,286,187	1,031,307
Land	4,420,563	4,350,340	4,605,894	4,598,890	4,127,968
Buildings, machinery and equipment	77,883,526	74,917,962	69,663,809	63,186,670	57,704,750
Reserve for depreciation	38,385,114	35,254,114	31,781,821	28,681,919	26,017,667
Deferred charges	1,880,217	2,712,523	1,754,186	1,121,376	1,036,349
Goodwill and patents	1	1	1	1	1
	<u>\$87,440,403</u>	<u>\$84,790,704</u>	<u>\$79,426,342</u>	<u>\$74,125,315</u>	<u>\$67,012,497</u>

LIABILITIES

Accounts payable	\$ 1,350,227	\$ 2,016,989	\$ 1,580,387	\$ 3,060,885	\$ 1,811,759
Accrued wages, taxes, etc.	3,886,721	4,625,161	4,144,682	3,038,213	2,307,768
Provision for Federal taxes on income	— *	— *	— *	— *	— *
Dividends payable	88,690	91,330	91,550	97,190	98,050
Sinking fund payments due within a year	374,535	337,995	55,825	323,785	106,575
Total current liabilities	\$5,700,173	\$ 7,071,475	\$ 5,872,444	\$ 6,520,073	\$ 4,324,152
Reserve for contingencies	—	—	—	—	955,190
Capital:					
Preferred stock	9,100,000	9,400,000	9,400,000	10,000,000	10,000,000
Common stock	19,809,480	19,809,480	19,809,480	19,809,480	19,809,480
Investment in excess of par value	3,829,851	3,829,851	3,829,851	3,829,851	3,829,851
Earnings reinvested	49,606,434	45,284,893	40,815,392	34,563,052	28,384,753
Sinking fund for retirement of preferred stock	605,535	604,995	300,825	597,141	290,929
	<u>\$87,440,403</u>	<u>\$84,790,704</u>	<u>\$79,426,342</u>	<u>\$74,125,315</u>	<u>\$67,012,497</u>
* Provision for Federal taxes on income	\$21,086,718	\$22,435,957	\$27,090,251	\$12,585,392	\$7,141,293
Less U. S. Treasury Notes	21,086,718	22,435,957	27,090,251	12,585,392	7,141,293

Shareholders' investment	\$81,740,230	\$77,719,229	\$73,553,898	\$67,605,242	\$61,733,155
Investment per common share	\$36.98	\$34.79	\$32.54	\$29.38	\$26.27
Working capital	\$27,860,806	\$28,848,239	\$24,643,414	\$22,594,037	\$20,805,637
Current ratio	5.89 to 1	5.08 to 1	5.20 to 1	4.47 to 1	5.81 to 1

Note—Italics denote red figures.

SUBSIDIARY COMPANIES

PERIOD ENDED DECEMBER 31, 1953

1948	1947	1946	1945	1944	1943	1942
\$ 9,758,037	\$ 7,281,531	\$ 6,050,656	\$ 5,612,054	\$ 2,977,153	\$ 1,946,896	\$ 1,501,933
4,918,005	6,180,152	5,115,371	3,081,785	2,809,884	2,913,481	2,380,611
8,630,364	9,270,857	6,136,154	4,529,376	3,737,137	3,481,416	3,199,667
<u>\$23,306,406</u>	<u>\$22,732,540</u>	<u>\$17,302,181</u>	<u>\$13,223,215</u>	<u>\$ 9,524,174</u>	<u>\$ 8,341,793</u>	<u>\$ 7,082,211</u>
4,350,000	6,000,000	4,000,000	—	—	—	—
—	—	—	—	1,720,834	1,010,834	361,000
1,273,932	1,317,990	1,596,964	1,324,789	864,472	76,143	135,134
4,050,794	3,827,846	3,717,904	3,549,668	3,551,231	3,569,681	3,583,906
52,725,650	45,853,731	34,758,138	29,122,070	27,867,623	26,972,366	26,361,566
23,728,028	21,885,495	19,284,987	17,173,036	15,918,586	14,573,515	13,269,224
1,188,846	786,845	803,285	482,755	508,991	446,918	283,175
1	1	1	1	1	1	1
<u>\$63,167,601</u>	<u>\$58,633,458</u>	<u>\$42,893,486</u>	<u>\$30,529,462</u>	<u>\$28,118,740</u>	<u>\$25,844,221</u>	<u>\$24,537,769</u>

\$ 1,910,061	\$3,019,510	\$2,037,779	\$ 2,309,871	\$ 1,462,096	\$ 849,217	\$ 1,154,353
2,548,978	2,370,144	2,184,104	1,835,630	1,426,907	1,256,587	1,048,981
— *	— *	— *	— *	— *	— *	— *
98,900	100,000	—	—	—	—	—
—	—	—	—	—	—	—
<u>\$ 4,557,939</u>	<u>\$ 5,489,654</u>	<u>\$ 4,221,883</u>	<u>\$ 4,145,501</u>	<u>\$ 2,889,003</u>	<u>\$ 2,105,804</u>	<u>\$ 2,203,334</u>
1,110,522	1,110,522	2,000,000	1,400,000	1,100,000	500,000	—
10,000,000	10,000,000	—	—	—	—	—
19,809,480	19,809,480	19,809,480	15,625,060	15,625,060	15,625,060	15,625,060
3,829,851	3,829,851	3,829,851	671,494	671,494	671,494	671,494
23,962,511	18,393,951	13,032,272	8,687,407	7,833,183	6,941,863	6,037,881
102,702	—	—	—	—	—	—
<u>\$63,167,601</u>	<u>\$58,633,458</u>	<u>\$42,893,486</u>	<u>\$30,529,462</u>	<u>\$28,118,740</u>	<u>\$25,844,221</u>	<u>\$24,537,769</u>
\$7,596,493	\$7,835,425	\$7,266,403	\$8,080,442	\$9,896,997	\$9,218,820	\$6,878,426
7,596,493	7,835,425	7,266,403	8,080,442	9,896,997	9,218,820	6,878,426

\$57,499,140	\$52,033,282	\$36,671,603	\$24,983,961	\$24,129,737	\$23,238,417	\$22,334,435
\$24.03	\$21.22	\$18.51	\$15.99	\$15.44	\$14.87	\$14.29
\$18,748,467	\$17,242,886	\$13,080,298	\$ 9,077,714	\$ 6,635,171	\$ 6,235,989	\$ 4,878,877
5.11 to 1	4.14 to 1	4.10 to 1	3.19 to 1	3.30 to 1	3.96 to 1	3.21 to 1

CONTAINER CORPORATION OF AMERICA AND CONSOLIDATED INCOME STATEMENTS FOR TWELVE YEAR PERIOD

	1953	1952	1951	1950	1949
Sales	\$187,552,652	\$178,408,152	\$212,562,019	\$154,841,198	\$114,770,627
Cost of Sales	144,082,976	133,704,577	161,894,529	120,920,688	89,826,767
Gross earnings	\$ 43,469,676	\$ 44,703,575	\$ 50,667,490	\$ 33,920,510	\$ 24,943,860
Provision for depreciation	3,856,871	3,578,388	3,432,505	2,953,163	2,650,180
Gross earnings from operations	\$ 39,612,805	\$ 41,125,187	\$ 47,234,985	\$ 30,967,347	\$ 22,293,680
Selling, administrative, and general expenses	12,252,693	11,632,175	10,901,566	8,922,520	7,936,829
Earnings from operations	\$ 27,360,112	\$ 29,493,012	\$ 36,333,419	\$ 22,044,827	\$ 14,356,851
Other income and <i>deductions</i> , net.	812,836	889,936	782,578	651,799	395,477
Earnings before interest and Federal taxes on income...	\$ 28,172,948	\$ 30,382,948	\$ 37,115,997	\$ 22,696,626	\$ 14,752,328
Interest charges, etc.	—	—	—	—	—
Earnings before Federal taxes on income	\$ 28,172,948	\$ 30,382,948	\$ 37,115,997	\$ 22,696,626	\$ 14,752,328
Provision for Federal taxes on income	18,045,000	20,100,000	25,050,000	10,680,000	5,975,000
Net earnings for the year	\$ 10,127,948	\$ 10,282,948	\$ 12,065,997	\$ 12,016,626	\$ 8,777,328
Provisions for contingencies reserve	—	—	—	—	—
Balance to earnings reinvested	\$ 10,127,948	\$ 10,282,948	\$ 12,065,997	\$ 12,016,626	\$ 8,777,328
Earnings per share:					
Preferred stock	\$ 114.19	\$ 112.59	\$ 131.80	\$ 123.64	\$ 89.52
Common stock	\$ 4.93	\$ 5.01	\$ 5.91	\$ 5.87	\$ 4.23

RECORD OF DIVIDENDS AND INTEREST PAID ON FUNDED DEBT

Dividends:					
Preferred stock	\$ 358,800	\$ 365,840	\$ 366,050	\$ 390,720	\$ 393,190
Common stock	5,447,607	5,447,607	5,447,607	5,447,607	3,961,896
Total dividends	\$ 5,806,407	\$ 5,813,447	\$ 5,813,657	\$ 5,838,327	\$ 4,355,086
**Interest paid on funded debt ...	—	—	—	—	—
Total dividends and interest	\$ 5,806,407	\$ 5,813,447	\$ 5,813,657	\$ 5,838,327	\$ 4,355,086
Dividends per share:					
Preferred stock	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Common stock	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.00

*Paid on preferred stock issues of subsidiary companies. Such issues were retired in 1946.

**On basis of cash payments made. This differs slightly from accrual basis used on profit and loss statement.

SUBSIDIARY COMPANIES

ENDED DECEMBER 31, 1953

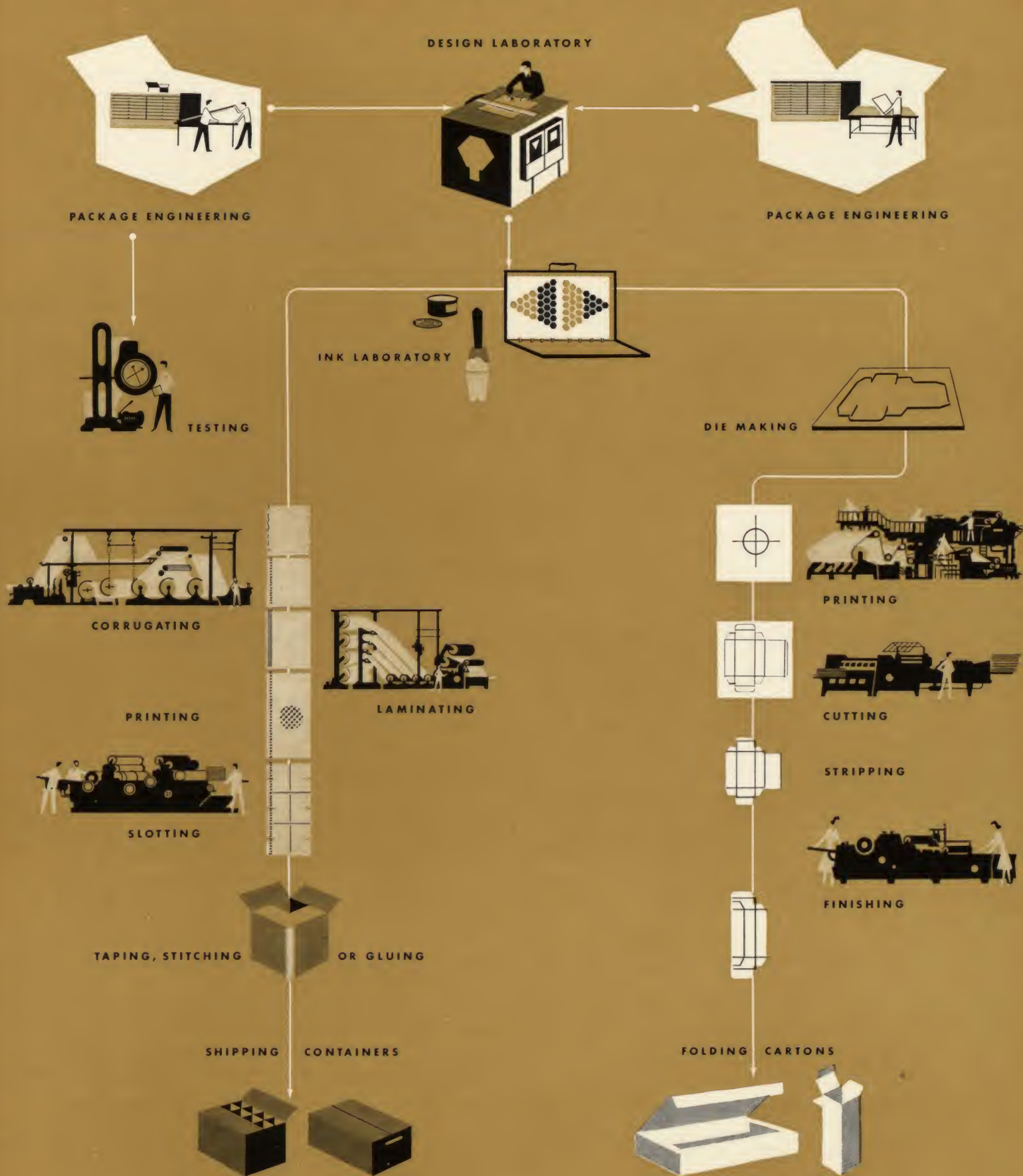
1948	1947	1946	1945	1944	1943	1942	Total
\$131,056,327	\$128,345,675	\$91,090,286	\$74,138,191	\$69,641,096	\$61,163,685	\$49,533,239	\$1,453,103,147
104,282,979	102,475,747	71,246,408	59,589,990	53,830,458	46,206,565	36,668,926	1,124,730,610
\$ 26,773,348	\$ 25,869,928	\$19,843,878	\$14,548,201	\$15,810,638	\$14,957,120	\$12,864,313	\$ 328,372,537
2,433,370	1,715,774	1,493,346	1,435,464	1,481,306	1,421,460	1,411,499	27,863,326
\$ 24,339,978	\$ 24,154,154	\$18,350,532	\$13,112,737	\$14,329,332	\$13,535,660	\$11,452,814	\$ 300,509,211
7,585,901	6,872,580	5,317,302	4,496,451	4,025,746	3,412,501	3,016,086	86,372,350
\$ 16,754,077	\$ 17,281,574	\$13,033,230	\$ 8,616,286	\$10,303,586	\$10,123,159	\$ 8,436,728	\$ 214,136,861
236,516	307,971	102,331	399,817	209,613	260,895	181,652	4,615,479
\$ 16,990,593	\$ 16,973,603	\$13,135,561	\$ 9,016,103	\$10,513,199	\$10,384,054	\$ 8,618,380	\$ 218,752,340
—	—	—	—	—	—	36,632	36,632
\$ 16,990,593	\$ 16,973,603	\$13,135,561	\$ 9,016,103	\$10,513,199	\$10,384,054	\$ 8,581,748	\$ 218,715,708
6,566,000	6,700,000	5,370,000	6,690,000	7,850,000	7,700,000	6,180,000	126,906,000
\$ 10,424,593	\$ 10,273,603	\$ 7,765,561	\$ 2,326,103	\$ 2,663,199	\$ 2,684,054	\$ 2,401,748	\$ 91,809,708
—	—	600,000	300,000	600,000	500,000	—	2,000,000
\$ 10,424,593	\$ 10,273,603	\$ 7,165,561	\$ 2,026,103	\$ 2,063,199	\$ 2,184,054	\$ 2,401,748	\$ 89,809,708
\$105.41	\$102.74	—	—	—	—	—	
\$ 5.06	\$ 5.05	\$ 3.62	\$ 1.30	\$ 1.32	\$ 1.40	\$ 1.54	

FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1953

\$ 398,900	\$ 344,000	\$ 4,664 *	—	—	—	—	\$ 2,622,164
4,457,133	4,457,133	3,218,247	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	42,572,353
\$ 4,856,033	\$ 4,801,133	\$ 3,222,911	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 45,194,517
—	—	—	—	—	—	\$ 37,031	\$ 37,031
\$ 4,856,033	\$ 4,801,133	\$ 3,222,911	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,208,910	\$ 45,231,548
\$ 4.00	\$ 3.44	—	—	—	—	—	
\$ 2.25	\$ 2.25	\$ 1.70	\$.75	\$.75	\$.75	\$.75	

MAKING SHIPPING CONTAINERS

MAKING FOLDING CARTONS





Mills and factories of the Company are strategically located with respect to the industries they serve.

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